

PX 101

From: Patrick Griffin <[REDACTED]@ripple.com>
To: Susan Athey
CC: Phil Rapoport
Sent: 11/30/2013 3:45:28 PM
Subject: XRP Distribution Themes
Attachments: XRP Distribution Framework.pptx; Attachment2

Hi Susan,

Thank you for your time here. We really value your input. As promised, here is a summary of the themes we touched on during our call Wednesday. Hope you are having a great holiday weekend.

Patrick

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Distribution Discussion Themes

Goal of Distribution

- Network Growth
- Raise funds for Ripple Labs operations

Long Term Stages of Ripple

- Phase 1. Speculatively valuable
 - In this stage XRP is new and few adopters. XRP is valuable among speculators.
- Phase 2. Pseudo valuable
 - In this stage XRP has some value. There is a market for XRP. Value remains mostly speculative. Rapid release of XRP may stymie further adoption.
- Phase 3. Valuable
 - In this stage XRP has clear and likely gaining value. XRP is transacted to facilitate real commerce as an alternative to other solutions.

Goal of XRP Allocations

- Biggest goal is existential
 - Anything we do should respond to this primary goal of the company
 - Concern about network fork
- Reason for doing anything is to grow the network
 - Distribution must grow the network
- Phase 1: striking partnership for inorganic growth
 - Distribution is for business development
- Any currency strategy should be geared to making phase 2, 3 more successful
 - Where phase 2, 3 is scale and organic growth

Overhang Concerns

- We don't need to give away massive amounts of XRP in order for the network to be useful. There is utility in sending USD, etc., via Ripple.
- People who are concerned about a supply overhang can still get all the utility of the protocol without investing in XRP.
- As more people start using the network, they will create organic demand for XRP by holding reserve amounts and/or sending payments via XRP.
- There will always be an 'overhang' of supply
 - Founders and RL holdings

Current Distributions

- There are ways to increase supply that create a bigger increase in demand
 - Good BD giveaways will result in more demand than supply. The announcement of the giveaway/partnership should generate demand.
- T-Bill auctions are designed to finance debt

Speculators

- We'd prefer to attract speculators who take a long term view and believe XRP demand will overwhelm supply as commercial use of the network increases. If you believe 500mm people will eventually use Ripple, then there's far less concern of an XRP supply overhang.
- Let's not be concerned about speculators, they are not enough for the market
- If you are holding xrp you should want RL to retain xrp for business development
 - Give ourselves 6 months
 - Speculators are speculating on Ripple Labs

XRP Breakdown

- Founders - 20%
- Ripple Labs - 80%
- RL Equity - 25%
- Non-profit distribution - 55%
 - Wholesale (auctions, OTC)
 - Business development (positive interchange, leverage, etc.)
 - Charity (direct as xrp, indirect from wholesale)
 - Developers (direct as xrp, indirect from wholesale)
 - Retail giveaways (account creation)